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21 November 1980

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing of the President-Elect's Transition Advisory Committee on National Security Policy

On 21 November I accompanied the DCI when he briefed the Transition Advisory Committee on National Security Policy at the Capitol. The meeting was chaired by Mr. Casey and a list of the members present is attached. The DCI discussed briefly a number of situations which might require policy decisions early in the new Administration. Copies of his texts are attached. Time did not permit briefing on the military balance questions or on China. There was some vague reference to our returning to cover these topics at a later date, but I believe it doubtful that they will be rescheduled. There were a number of questions, mostly centering around the problem of aid to Poland. The Committee members themselves discussed this issue at some length. In general, the briefing seemed to go well.



Richard Lehman
CIA Transition Officer

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Attachments

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on National Security Policy

Attendees:

Senator Baker
Senator Jackson
Senator Tower
Senator Stone
Secretary Kissinger
General Haig
Governor Clements
Mrs. Armstrong
Mrs. Kirkpatrick
Mr. McCloy
Mr. Rostow
Mr. Rumsfeld
Mr. Weinberger
Mr. Williams
Mr. Ikle
Mr. Allen

Absent:

President Ford
Secretary Shultz

Staff present included General Rowny and several others whom I did not recognize.

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DCI Notes
0800, 20 Nov 80

Introduction (Fri Brief)

Plan:

1. Discuss _____ key critical spots around world today; in limited time try emphasize issues new Administration likely face
2. Try briefly look at strategic and conventional military balances with Soviet Union
3. Summarize overall trends as we see them
4. Leave 10-15 minutes for questions

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DCI Notes
0800, 20 Nov 80

Iran-Iraq War (Fri Brief)

Iraq-Iran war has settled into one of attrition. Neither side has the military strength to bring about a decisive victory; thus the outcome will be determined by political movement in one capital or the other. Tehran's most serious problem will be economic deprivation; Baghdad's will be to prepare its population psychologically for a long war.

Fact no end war in sight means your Administration may face two issues early on:

1. Rise in price of oil generated by perception that a protracted war will run down world stocks too far. Stocks are presently falling about 2 mb/d more than is normal during this season due loss Iranian and Iraqi production. If there is no prospect soon for a resumption of Iraqi and Iranian exports, we could be faced with another wave of panic buying. A resulting 10% rise in the real price of oil would drop growth of GNP in industrial nations by 0.25% and non-OPEC LDCs by 0.5%.
2. Second, there is a risk that any US move in favor of Iran, be it to obtain release hostages or to forestall any Sov move to gain more influence there, will antagonize Arab oil-producing states, such as Saudi Arabia, that have become firmly committed to Iraq.

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DCI Notes
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Iran (Fri Brief)

Immediate issue is hostages

Overriding issue is preventing Soviets from establishing hegemony

Risk that hostage negotiations may protract past Inauguration

Importance of getting hostage issue behind us is, in addition to humanitarian side, to permit us to take an approach to Iran that will deflect Soviet efforts to establish themselves as primary external influence.

Soviet restraint in resupplying Iraq is premised on their placing Iran above Iraq in their priorities.

Leftist forces in Iran under attack by government, but remain a threat, especially if Khomeini dies and internal power struggle ensues; or if under Khomeini the government and economy just deteriorate into a chaotic situation.

Even after a resolution of the hostage issue, US will not have many credentials in such situation but having hostages out of the way will open possibilities that don't exist today.

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Middle East (Fri Brief)

Two opposite pressures developing in Mid East that make next 12 months look very vexing for US.

Begin, responding to both domestic political imperatives and his own ideological convictions, is unlikely make any concessions between now and Is elections, probably next fall.

Arabs, especially Saudis, on other hand, likely to apply a lot of pressure for some evidence of our willingness force progress on Israeli-Palestinian issue and support moderate Arab world in general. A touchstone here will be the pending Saudi request for supplementary equipment for the F-15s we are selling them--bomb racks and fuel tanks. One reason for this pressure is that the moderate Gulf Arabs find themselves moving closer to US as result of increasing instability throughout area, but as long as Arab-Israeli issue is unresolved, however, they feel exposed in being close to us.

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DCI Notes
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Afghanistan (Fri Brief)

A year after invasion:

Babrak government has no popular support.

Violent infighting continues between the two factions of the ruling Afghan Communist Party.

The insurgency remains widespread.

The Afghan Army remains weak and dispirited.

Soviet troop levels remain steady at about 85,000: preparing for long haul.

Probably can wear insurgents down in time.

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DCI NOTES
A/NIO/AF REVISED
1030, 20 NOV. 80

ETHIOPIA-SOMALIA (Friday)

An early and critical issue for your Administration will be how vigorously to pursue the agreement made last August with Somalia for the use of base facilities in that country.

Since then, the Soviet-supported Ethiopian army has regained the initiative against the Somali and Somali-backed forces in the war in the Ogaden. This is not due to any dramatic new shift in Ethiopian forces or tactics, but simply to a gradual buildup and improvement in Ethiopian capabilities. 9,000 of the 13,000 Cuban forces in Ethiopia are located in the Ogaden where they hold key strategic base areas but are not directly participating in the fighting.

It is clear that Somalia's position in the Ogaden is on a steady decline, and this has led to real problems for President Siad. We do not believe he can ensure against a military coup if he does not appear to be successful countering the Ethiopian successes in the Ogaden and stemming the serious decline in the economy. The former, of course, puts him in direct conflict with the provisions of our agreement with him that he will not support such conflict.

Siad, on the other hand, believes that the access agreement with us will result in sufficient US military and economic assistance to permit him to stay in power. After signing the agreement, he did reduce but not eliminate Somali forces in the Ogaden area and was attempting to tread a fine line between complying with our strictures and placating his Ogaden constituency. Now that the tide is turning them against him in the Ogaden, he is having to increase the Somali military role there once more.

Ethiopia's Mengistu also faces serious internal problems--a long-standing insurgency in Eritrea that he has not been able to quell and an economy that has been weakened by the Socialist policies he has instituted. Despite these problems his position appears secure.

In addition, he is increasingly unhappy over the lack of Soviet economic assistance. He recently returned from Moscow where he was again disappointed by Soviet parsimoniousness. But given his pressing military requirements, we do not expect a change in Ethiopian-Soviet relations.

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DCI Notes
0800, 20 Nov 80

Nicaragua - El Salvador (Fri Brief)

Trend against us last several years - Carib/Central America

Last few months - breathing space

Jamaica - plus

El Salvador - junta holding

Nicaragua - Sand in problems

Still - problem will threaten us for some time to come

Issue for US - can do anything more?

Risk left will consolidate anyway and discredit our efforts

Risk Cuba will play even more aggressive role and in effect directly
confront us - they have more cards in their hands than do we.

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DCI Notes
0800, 20 Nov 80

Poland (Fri Brief)

Government kept lid on ever since only concession after concession and in effect - jettisoning then necessary economic austerity program in favor higher consumer satisfaction.

No way can improve econ and satisfy consumers without sizeable western econ credits and aid; and even with such help, political concessions government may have to make may be more than Soviets can accept and they will take over.

Hence 2 decisions I would anticipate as likely to carry over into your Administration: how far want proceed on aid; and how we and allies plan respond if Soviets do invade.

Economic prospects not hopeless but 2-3 B/year in western government loans and \$6-8 B/year in debt rescheduling mandatory prevent bankruptcy - even if Poles receive that much help - not optimistic Polish government would come to the right solutions or if did would be able to persuade workers that policy changes were permanent enough to be taken seriously - e.g. agriculture and investment policy

Pessimistic, though, also on political side

2nd effect of series of concessions government has been to:

Embolden workers

In effect rival political structure is growing - clearly can't be tolerated by Poles let alone Soviets

Should Soviets choose to intervene

Would prefer full-scale invasion (32 divisions)

Possibility Pol resistance

Could take 2 weeks for mobilization and rehearsal

Ergo, about 6 to 12 days warning

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DCI Notes
0800, 20 Nov 80

Soviet Economy (Fri Brief)

One of the most ticklish areas to estimate is impact of decline in Soviet economic well being on their foreign and military policy.

Indeed, Soviet economy is in more than the cyclical difficulties facing western economies.

Soviet leadership will face difficult choices in next few years.

Could retrench from military programs, adopt less aggressive foreign policy and concentrate on solving fundamental economic problems.

Could feel hard-pressed and adopt a more aggressive foreign policy while still can.

Or - and perhaps most likely - they can muddle through without any major policy shifts.

While this would leave them in a progressively deteriorating economic position, they have a large economy and a large capacity to endure privation.

One aspect of muddling through would be continued emphasis on military power which we believe will be hard for Soviet leadership to resist.

With declining productivity this will have to come at expense of Soviet consumer.

Raises issue of how far they can afford continue subsidize East European consumers who already are at higher standard of living than Soviets.

If, however, they reduce subsidies to East Europe and end up having to occupy even one Poland, could be economic disaster for them.

The size of the military programs we create, the amount of technology transfer we permit and the degree of our participation in the East European subsidy will all be important factors in the equation.

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